



Innovative DSOs are needed in a Decentralised Energy System

Brussels, 12 April 2016 – Today, the four Brussels-based associations representing DSOs (CEDEC, EDSO for Smart Grids, EURELECTRIC and GEODE) highlighted that investment in smart grid technology will allow DSOs to become central platforms for the energy transition by connecting responsive consumers, renewables and flexibility sources. To encourage the development of innovative DSOs, the four trade associations reaffirmed the importance of a sound remuneration framework, better economic regulation and an adequate return on invested capital.

Divided into two sessions, the event “[Innovative DSOs in a decentralised energy system](#)” first addressed the evolving role of the DSOs in managing distribution systems and facilitating markets. In the future evolution of energy networks towards a smarter grid concept, DSOs must play an active coordinating role between all market participants, facilitating markets and services in a neutral and non-discriminatory manner. DSOs will have to position themselves in both existing and emerging fields, notably data handling, flexibility and storage, while respecting market priorities and without interfering with them.

The second session focused on stimulating investment through better economic regulation. As energy systems evolve, regulatory frameworks should become more innovative to account for smarter investment. Remuneration schemes should not only reflect costs, but also incentivise DSOs to make efficient and innovative choices in both network development and operation.

The conference conclusions included the following:

Christian Buchel, Vice Chairman of EDSO, highlighted: ‘With the growing uptake of smart grids and distributed energy connected to Europe’s distribution grids, DSOs are successfully embracing the ‘digitalisation’ transformation. Just to take an example: by 2020, 70% to 80% of European customers will be equipped with smart meters thanks to DSOs. Amidst this swelling need for data, the DSOs will be indispensable to delivering standardised and secure data for empowering customers as well as other market players. Nonetheless, cooperation between DSOs and TSOs is key. Lots have been done to narrow our differences but still DSOs should be placed on an equal footing with TSOs when drafting future regulations.’

Peter Flosbach, Managing Director of DEW21 Dortmund, CEDEC, insisted that DSOs act as neutral market facilitators: they must increasingly integrate flexibility in the operation of the distribution system, while facilitating a customer-friendly retail market through effective data management and non-discriminatory data provision to market parties. With the rising share of decentralized renewables, handling flexibility – on the demand and the generation side – will become an essential part of grid management. The flexibility that energy storage provides can also be used by DSOs to secure the uninterrupted supply of energy to the consumers and to reduce the stress for the network.

Reinhard Brehmer, President of GEODE, outlined that DSOs are facing today major technological challenges, which require huge investments. The majority of innovative investments are done in the distribution grid – such as smart metering, integration of decentralized RES and Demand Side Management/Response. Also, better economic regulation is needed to stimulate investments to replace conventional grid components - DSOs need to be allowed to undertake all needed investments, both innovative and conventional ones while guaranteeing the security and quality of supply. Regulatory revenue allowances should support the ‘smart’ evolution of distribution networks for DSOs to continue being innovative, applying the principle of an appropriate balance between cost reflectivity, efficient grid utilisation and fair contribution to network costs.

Gian Carlo Scarsi, Head of Distribution, EURELECTRIC, concluded: “We advocate in favour of the completion of European legislation in the field of system operation and connections. We encouraged the European Commission to pursue DSO-relevant topics such as market facilitation, data handling, regulatory incentives to innovate and make distribution grids smarter, as well as the procurement of flexibility services in an open market context where everyone, including end users, is welcome to take part.”



Background information

CEDEC

CEDEC represents the interests of more than 1500 local and regional energy companies from ten European countries, serving 85 million electricity and gas customers and connections. These predominantly medium-sized local and regional energy companies have developed activities as electricity and heat generators, electricity and gas distribution system and metering operators, and energy (services) suppliers. The wide range of services provided by local utility companies is reliable, sustainable and close to the consumer. Through their high investments, they make a significant contribution to local and regional economic development.

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EDSO for Smart Grids

European Distribution System Operators for Smart Grids (EDSO) gathers leading European electricity distribution system operators (DSOs) cooperating to bring smart grids from vision to reality. The development of smart grids is a prerequisite to reaching the EU's ambitious energy, climate, security of supply and internal market objectives. EDSO and its members are committed to taking on this huge challenge, while at the same time ensuring the reliability of Europe's electricity supply to consumers and enabling them to take a more active part in our energy system. EDSO is a key interface between the DSOs and the European institutions, and is focused on RD&D, policy and member state regulation to support this development.

<http://www.edsoforsmartgrids.eu/> - Follow us on [Twitter](#) and [LinkedIn](#)

EURELECTRIC

EURELECTRIC is the voice of the electricity industry in Europe. We represent the power sector in over 30 European countries, speaking for more than 3,500 companies in power generation, distribution, and supply. We also have affiliates and associates on several other continents. We stand for carbon-neutral electricity by 2050, competitive electricity for our customers and continent-wide electricity through a coherent European approach. Our permanent secretariat is based in Brussels.

More information on our activities is available at www.eurelectric.org.

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GEODE

GEODE is the voice of local energy distributors across Europe, representing the interests of 1200 private and public energy companies for both electricity and gas from 15 European countries, serving more than 100 million customers. These small and medium-sized companies are bringing intelligence to the grids and making thereby a major contribution to achieve Europe's climate and energy policy goals. GEODE promotes fair and competitive conditions for network operators giving them a strong voice to secure core values - namely providing a customer-focused service, with a high quality of supply and energy efficiency to homes, businesses and local communities. With 25 years' experience GEODE is recognised as a trusted partner by the European institutions.

www.geode-eu.org